

ACCESSION NUMBER: 0000732717-01-500025
 CONFORMED SUBMISSION TYPE: 10-Q
 PUBLIC DOCUMENT COUNT: 1
 CONFORMED PERIOD OF REPORT: 20010930
 FILED AS OF DATE: 20011108

FILER:

COMPANY DATA:

COMPANY CONFORMED NAME: SBC COMMUNICATIONS INC
 CENTRAL INDEX KEY: 0000732717
 STANDARD INDUSTRIAL CLASSIFICATION: TELEPHONE COMMUNICATIONS (NO RADIO TELEPHONE)
 IRS NUMBER: 431301883
 STATE OF INCORPORATION: DE
 FISCAL YEAR END: 1231

FILING VALUES:

FORM TYPE: 10-Q
 SEC ACT: 1934 Act
 SEC FILE NUMBER: 001-08610
 FILM NUMBER: 1778182

BUSINESS ADDRESS:

STREET 1: 175 E HOUSTON
 STREET 2: ROOM 9-4
 CITY: SAN ANTONIO
 STATE: TX
 ZIP: 78205
 BUSINESS PHONE: 2108214105

MAIL ADDRESS:

STREET 1: 175 E HOUSTON
 STREET 2: ROOM 9-4
 CITY: SAN ANTONIO
 STATE: TX
 ZIP: 78205

FORMER COMPANY:

FORMER CONFORMED NAME: SOUTHWESTERN BELL CORP
 DATE OF NAME CHANGE: 19920703

</SEC-HEADER>
 <DOCUMENT>
 <TYPE>10-Q
 <SEQUENCE>1
 <FILENAME>sb3q01.htm
 <DESCRIPTION>SBC 2001 3RD QUARTER 10-
 <TEXT>

OFFICIAL FILE

L.C.C. DOCKETING 00-0732
 Talk America Cross Exhibit No. 4
 Witness Marshall
 Date 1-25-02 Reporter JD

FORM 10-Q

United States

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

☒

Quarterly Report Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

For the quarterly period ended September 30, 2001

or

☐

Transition Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the transition period from to

Commission File Number 1-8610

**SBC
COMMUNICATIONS INC.**

Incorporated under the laws of the State of Delaware

I.R.S. Employer Identification Number 43-1301883

175 E. Houston, San Antonio, Texas 78205

Telephone Number: (210) 821-4105

Indicate by check mark

whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

At October 31, 2001,
3,361,560,646 common shares were outstanding.

**PART I - FINANCIAL
INFORMATION**

Item 1. Financial Statements

SBC COMMUNICATIONS INC.

CONSOLIDATED STATEMENTS OF INCOME

Dollars in millions except per share amounts
(Unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2001	2000	2001	2000
Operating Revenues				
Landline local service	\$ 5,679	\$ 5,703	\$ 17,174	\$ 16,289
Wireless subscriber	38	1,749	154	4,897
Network access	2,642	2,489	7,849	7,828
Long distance service	778	792	2,297	2,354
Directory advertising	972	912	2,749	2,761
Other	1,229	1,777	3,782	5,037
Total operating revenues	11,338	13,422	34,005	39,166
Operating Expenses				
Operations and support	6,316	8,213	18,625	23,303
Depreciation and amortization	2,200	2,363	6,822	6,943
Total operating expenses	8,516	10,576	25,447	30,246
Operating Income	2,822	2,846	8,558	8,920
Other Income (Expense)				

Interest expense	(377)	(422)	(1,261)	(1,194)
Interest income	144	32	515	66
Equity in net income of affiliates	509	267	1,451	656
Other income (expense) - net	99	1,981	41	2,130
Total other income (expense)	375	1,858	746	1,658
Income Before Income Taxes	3,197	4,704	9,304	10,578
Income taxes	1,125	1,705	3,289	3,906
Income Before Extraordinary Item	2,072	2,999	6,015	6,672
Extraordinary item, net of tax	-	-	(18)	-
Net Income	\$ 2,072	\$ 2,999	\$ 5,997	\$ 6,672
Earnings Per Common Share:				
Income Before Extraordinary Item	\$ 0.62	\$ 0.89	\$ 1.79	\$ 1.97
Net Income	\$ 0.62	\$ 0.89	\$ 1.78	\$ 1.97
Earnings Per Common Share - Assuming Dilution:				
Income Before Extraordinary Item	\$ 0.61	\$ 0.88	\$ 1.77	\$ 1.95
Net Income	\$ 0.61	\$ 0.88	\$ 1.77	\$ 1.95
Weighted Average Number of Common				
Shares Outstanding (in millions)	\$ 3,362	3,387	3,368	3,393
Dividends Declared Per Common Share	\$ 0.25625	\$0.25375	\$0.76875	\$0.76125
See Notes to Consolidated Financial Statements.				

SBC COMMUNICATIONS INC.

CONSOLIDATED BALANCE SHEETS

Dollars in millions except per share amounts

	September 30, 2001	December 31, 2000
(Unaudited)		
Assets		
Current Assets		
Cash and cash equivalents	\$ 562	\$ 643
Accounts receivable - net of allowances for uncollectibles of \$1,109 and \$1,016	9,319	10,144
Prepaid expenses	1,069	550
Deferred income taxes	549	671
Other current assets	1,125	1,640
Total current assets	12,624	13,648
Property, plant and equipment - at cost	125,652	119,753
Less: accumulated depreciation and amortization	76,780	72,558
Property, Plant and Equipment - Net	48,872	47,195
Intangible Assets - Net of Accumulated Amortization of \$657 and \$746	4,041	5,475
Investments in Equity Affiliates	12,204	12,378
Notes Receivable from Cingular Wireless	5,926	9,568
Other Assets	12,048	10,387
Total Assets	\$ 95,715	\$ 98,651
Liabilities and Shareowners' Equity		
Current Liabilities		
Debt maturing within one year	\$ 7,318	\$ 10,470
Accounts payable and accrued liabilities	10,582	15,432
Accrued taxes	4,356	3,592
Dividends payable	862	863
Total current liabilities	23,118	30,357
Long-Term Debt	18,041	15,492
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	7,339	6,806
Postemployment benefit obligation	9,992	9,767
Unamortized investment tax credits	272	318
Other noncurrent liabilities	4,441	4,448
Total deferred credits and other noncurrent		

liabilities	22,044	21,339

Corporation-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trusts	-	1,000

Shareowners' Equity		
Common shares issued (\$1 par value)	3,433	3,433
Capital in excess of par value	12,003	12,125
Retained earnings	21,751	18,341
Guaranteed obligations of employee stock ownership plans (ESOP)	-	(21)
Deferred compensation - leveraged ESOP (LESOP)	-	(37)
Treasury shares (at cost)	(3,180)	(2,071)
Accumulated other comprehensive loss	(1,495)	(1,307)

Total shareowners' equity	32,512	30,463

Total Liabilities and Shareowners' Equity	\$ 95,715	\$ 98,651
=====		
See Notes to Consolidated Financial Statements.		

SBC COMMUNICATIONS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Dollars in millions, increase (decrease) in cash and cash equivalents
(Unaudited)

	Nine months ended September 30,	
	2001	2000

Operating Activities		
Net income	\$ 5,997	\$ 6,672
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,822	6,943
Undistributed earnings from investments in equity affiliates	(677)	(344)
Provision for uncollectible accounts	886	604
Amortization of investment tax credits	(46)	(53)
Deferred income tax expense	855	996
Gain on sales of investments	(301)	(2,170)
Extraordinary item, net of tax	18	-
Changes in operating assets and liabilities:		
Accounts receivable	(137)	(1,368)
Other current assets	(466)	(713)
Accounts payable and accrued liabilities	(1,205)	1,442
Other - net	(1,020)	(1,279)

Total adjustments	4,729	4,058

Net Cash Provided by Operating Activities	10,726	10,730

Investing Activities		
Construction and capital expenditures	(8,096)	(9,202)
Investments in affiliates	1,482	(103)
Purchase of short-term investments	-	(533)
Proceeds from short-term investments	510	-
Dispositions	864	3,534
Acquisitions	-	(5,127)

Net Cash Used in Investing Activities	(5,240)	(11,431)

Financing Activities		
Net change in short-term borrowings with original maturities of three months or less	(3,091)	4,278
Issuance of long-term debt	5,723	1,039
Repayment of long-term debt	(3,104)	(921)
Early redemption of corporation-obligated mandatorily redeemable preferred securities of subsidiary trusts	(1,000)	-
Purchase of treasury shares	(1,661)	(1,457)
Issuance of treasury shares	277	307
Redemption of preferred shares of subsidiaries	(145)	-
Dividends paid	(2,591)	(2,560)
Other	25	65

Net Cash Provided by (Used in) Financing Activities	(5,567)	751

Net increase (decrease) in cash and cash equivalents	(81)	50

Cash and cash equivalents beginning of year	643	495

Cash and Cash Equivalents End of Period	\$ 562	\$ 545

Cash paid during the nine months ended September 30
for:

Interest	\$ 1,274	\$ 1,298
Income taxes, net of refunds	\$ 1,449	\$ 2,113

See Notes to Consolidated Financial Statements.

SBC COMMUNICATIONS INC.

CONSOLIDATED STATEMENT OF SHAREOWNERS' EQUITY

Dollars in millions
(Unaudited)

	Common Shares	Capital in Excess of Par Value	Retained Earnings	Guaranteed Obligations of Employee Stock Ownership Plans	Deferred Compensation- LESOP	Treasury Shares
Balance, December 31, 2000	\$ 3,433	\$ 12,125	\$ 18,341	\$ (21)	\$ (37)	\$ (2,071)
Net income	-	-	5,997	-	-	-
Other comprehensive loss	-	-	-	-	-	-
Dividends to shareowners	-	-	(2,589)	-	-	-
Reduction of debt associated with ESOP	-	-	-	21	-	-
Cost of LESOP trust shares allocated to employee accounts	-	-	-	-	37	-
Purchase of treasury shares	-	-	-	-	-	(1,661)
Issuance of treasury shares	-	(241)	-	-	-	552
Other	-	119	2	-	-	-
Balance, September 30, 2001	\$ 3,433	\$ 12,003	\$ 21,751	\$ -	\$ -	\$ (3,180)

See Notes to Consolidated Financial Statements.

SELECTED FINANCIAL AND OPERATING DATA

At September 30, or for the nine months then ended:	2001	2000
Debt ratio.....	43.8%	44.8%
Network access lines in service (000).....	60,230	61,287
Resold and rebundled line (000).....	3,467	2,351
Access minutes of use (000,000).....	213,521	210,927
Cingular Wireless customers* (000).....	21,279	18,867
Number of employees.....	216,740	223,260

*Amounts represent the 100% pro forma customers of Cingular Wireless.

SBC COMMUNICATIONS INC.

SEPTEMBER 30, 2001

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Dollars in millions except
per share amounts

- BASIS OF PRESENTATION** Throughout this document, SBC Communications Inc. is referred to as "we" or "SBC". The consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) that permit reduced disclosure for interim periods. We believe that these financial statements include all adjustments (consisting only of normal recurring accruals) necessary to present fairly the results for the interim periods shown. The results for the interim periods are not necessarily indicative of results for the full year. You should read this document in conjunction with the Consolidated Financial Statements and accompanying notes included in our 2000 Annual Report to Shareowners.